Pellegrino, Rachel

From:	Morris, Craig
Sent:	Tuesday, January 04, 2011 5:38 PM
To:	Brown, Brian (TM)
Subject:	FW: small business study
Attachments:	Volkswagen C D letter to Don Stewart Artist (2).doc; Monster TM - WSJ Article on Monster Cable.doc

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From: J. Thomas McCarthy (b)(6)
Sent: Saturday, January 01, 2011 3:38 PM
To: TMFeedback
Subject:

RE USPTO Study on Trademark Litigation

January 1, 2011

To: USPTO

From: Prof. J. Thomas McCarthy
Senior Professor of Law
University of San Francisco

Re: Study on Over-Enforcement of Trademark Rights

I draw to the attention of those conducting the study the following cases and materials. The cited cases that were litigated represent, in my opinion, the tip of an iceberg of dubious trademark claims. In some cases, a claim is asserted knowing that a small company will quickly concede, regardless of the merits of the claim. The costs of mounting a defense are huge because the issue of likelihood of confusion is so imprecise in scope and so many facts are relevant.

THE CLAIM AGAINST RALPH NADER. MasterCard Intern. Inc. v. Nader 2000 Primary Committee, Inc., 2004 WL 434404 (S.D. N.Y. 2004) Master card sued Ralph Nader for using a variation of the Master Card slogan "Priceless. There are some things money can't buy, for everything else there's MasterCard." Nader's 2000 political campaign ads showed a series of items with the price of each. For example, "grilled tenderloin for a fund-raiser: $1,000. A plate;" "promises to special interest groups: over $100 billion"). The Nader political ad ended with a phrase identifying a priceless intangible that cannot be purchased: "Finding out the truth: priceless. There are some things that money can't buy." The case was dismissed in 2004 after a pro bono defense.

CLAIMS AGAINST ARTISTS. I urge the study to give some attention to the groundless assertion of trademark claims against artists. Two examples come to mind and as far as I know, the cases were defended only because the artist found an attorney who would donate some or all of the legal services:

THE BARBIE DOLL PHOTOS. Mattel, Inc. v. Walking Mountain Productions, 353 F.3d 792 (9th Cir. 2003) Mattel sued Tom Forsythe, a Utah artist who took 78 photos of Barbie dolls in incongruous

situations. He called his series "food chain Barbie" and said his message was to critique "the objectification of women" symbolized by Barbie. He sold a few postcards with the photos and made a total of $3600. The Ninth Circuit said that: "[defendant] used only so much as was necessary to make his parody use of Barbie readily identifiable, and it is highly unlikely that any reasonable consumer would have believed that Mattel sponsored or was affiliated with his work." The court of appeals hinted that Mattel's claims "may have been groundless or unreasonable" and could be a basis for an award of substantial attorney fees. 353 F.3d ay 816. On remand, the District court granted Defendant $1,584,089 in attorney's fees and $241,797.09 in costs, saying that:

> Plaintiff had access to sophisticated counsel who could have determined that such a suit was objectively unreasonable and frivolous. Instead, it appears Plaintiff forced Defendant into costly litigation to discourage him from using Barbie's image in his artwork. Mattel, Inc. v. Walking Mountain Productions, 2004 Copr. L. Dec. P 28824, 2004 WL 1454100 (C.D. Cal. 2004).

THE VW BUG DRAWING. Don Stewart is a visual artist whose genre is drawing pictures of familiar objects made out of strange ingredients, such as a Victorian house composed of bits and pieces of boats or a motorcycle made out of kitchen implements. He made and sold a drawing of a Volkswagen bug composed of bits and pieces of bugs. In 2006 he received a strongly worded cease and desist letter from a lawyer for Volkswagen accusing Stewart of infringement and dilution of the VW bug image trademark. The lawyer demanded that the artist pay VW 25% of his revenues from sales of that picture and turn over to VW for destruction all copies of that art work. A copy of that letter is attached, which also shows the accused drawing.

THERE IS NO STATUTORY DEFENSE FOR ARTISTS AS AGAINST INFRINGEMENT CLAIMS. As against a claim of federal dilution, an artist can raise statutory defenses that: (1) the artist is not making a trademark use; and/or (2) the accused art work is with the statutory defense for a fair use of parodying, criticizing or commenting on the famous mark owner or its goods or services or as noncommercial speech. Lanham Act §43(c)(3), 15 USC §1125(c)(3). There is no such comparable statutory defense as against a claim of traditional infringement.

USING THE ANTI-DILUTION STATUTE. I attach a copy of the Wall Street Journal Article of APRIL 4, 2009, entitled "The Scariest Monster of All Sues for Trademark Infringement." Note the statement by the attorney for Monster Cable that he considers "Monster" a famous mark: "We're protecting our mark as if it's a famous mark." If every trademark owner sent out cease and desist letters under the assumption that its marks were "famous," then those marks would for all practical purposes be "trademarks in gross," enforceable as to all goods and services under the federal anti-dilution law.

WHAT IS THE REASON FOR INDISCRIMINATE SENDING OF CEASE AND DESIST THREATS? I copy below the Author's Opinion portion of §31:100 of my treatise Trademarks and Unfair Competition:

Author's Comment: Why do Some Trademark Owners Indiscriminately Send Out Cease and Desist Letters? Some trademark owners appear to regularly send out many cease and desist letters to both competitors and non-competitors. Some of these letters that charge infringement and threaten expensive litigation are valid and well founded, some legitimately push at the boundaries of trademark law and some are not founded on any objectively valid version of trademark law. Part of the problem of determining what is a good faith charge of infringement is that while the definition of what

constitutes trademark infringement has continually expanded over the decades, there has been no corresponding growth of affirmative defenses to clearly accommodate the legitimate use of marks. 15

Some trademark owners seem to believe that firing off cease and desist letters in a version of "shoot first, ask questions later" is a costless way to "police" one's trademark rights. However, with the advent of the Internet, the recipients of over-reaching letters can widely publicize them and cause significant embarrassment, triggering negative public reaction to the brand. 16 The Internet has become a public forum for those dissatisfied with trademark litigation or the threat of litigation to air their complaints and criticisms. The Fourth Circuit in reversing an injunction held that a trademark owner who was successful in a lawsuit cannot silence the losing party from criticizing the result of the case and the trademark owner's conduct. 17 Of course, the recipient of a cease and desist letter can take the initiative and file a declaratory judgment suit in a venue that is inconvenient to the trademark owner. 18

Some of the senders of cease and desist letters have an inflated notion of the strength and fame of their mark, using anti-dilution laws as a tool with which to challenge uses in product and service markets far removed from their own. 19 Others are under the mis-apprehension that unless they challenge any and all uses of their mark, they will weaken the strength and validity of the mark. In the author's view, this is an erroneous reading of the law. 20 For example, some mark owners think that they must challenge all appearances of their mark or trade dress in expressive and artistic works. However, use of the mark in reproductions of bona fide art works should not be regarded as "third party uses" that lessen the strength of a mark. In my view, it is not necessary for a trademark owner to sue artists and sellers of art reproductions in order to keep a mark strong. 21 The same is true for many uses of marks in the entertainment media 22 and in political campaigns. 23

FOOTNOTE 15. G.B. Dinwoodie, Developing Defenses in Trademark Law, 13 Lewis & Clark L. Rev. 99, 121 (2009) ("We need real defenses in infringement proceedings."); W. McGeveran, Rethinking Trademark Fair Use, 94 Iowa L. Rev. 49, 54 (2008) ("[W]e should craft simpler affirmative defenses that immunize particular categories of expressive uses, thereby reducing uncertainty and allowing for quick adjudication."). See §§23:11, 31:139.

FOOTNOTE 16. Many IP cease and desist letters are reproduced and discussed at the Web site of the Chilling Effects Clearinghouse at www.chillingeffects.org.

FOOTNOTE 17. CPC Intern., Inc. v. Skippy Inc., 214 F.3d 456, 55 U.S.P.Q.2d 1033, 46 Fed. R. Serv. 3d 689 (4th Cir. 2000) ("The web site simply tells one woman's story about her family and recounts her view of CPC's actions and the legal events surrounding the trademark SKIPPY. Throughout most of the web site the trademark SKIPPY is used as part of editorial and historical commentary. As such it is a protected form of expression."). See §27:110.

FOOTNOTE 18. See §§32:50 to 32:58. The Supreme Court's 2007 *MedImmune* decision expanded the range of cases in which a declaratory judgment suit could be filed. See §32:51.50.

FOOTNOTE 19. See §§24:109 to 24:110.

FOOTNOTE 20. See §31:101.

FOOTNOTE 21. See §10:22.10

FOOTNOTE 22. See §10:22.

FOOTNOTE 23. See §31:147. See, e.g., MasterCard Intern. Inc. v. Nader 2000 Primary Committee, Inc., 70 U.S.P.Q.2d 1046, 2004 WL 434404 (S.D. N.Y. 2004) (The Ralph Nader 2000 campaign for President ran a television ad borrowing a theme used in ads for MasterCard credit cards. The infringement claim was dismissed.).

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